

STATEMENT OF:  
**THE UNION OF CONCERNED SCIENTISTS**

BEFORE THE:  
**HOUSE COMMITTEE ON GOVERNMENT REFORM  
SUBCOMMITTEE ON ENERGY AND RESOURCES**

PRESENTED BY  
**DON MACKENZIE  
VEHICLES ENGINEER**

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Thank you Mr. Chairman and Members of the Committee for the opportunity to testify before you today. I am an engineer in the Union of Concerned Scientists' (UCS) Clean Vehicles Program. UCS is a nonprofit partnership of scientists and citizens that has been working at the intersection of science and policy for over 30 years, and maintains the award winning website, HybridCenter.org, dedicated to educating the public on hybrid vehicles.

Hybrids are indeed a timely subject. Despite the naysaying from some and the reneging of certain automakers on commitments to produce more hybrids, the hybrid market as a whole continues to grow apace. Hybrid sales in the second quarter of 2006 were up 20% compared to the same period last year. That said, however, hybrids represent only one quarter of one percent of all the cars and trucks on the road and continue to need support if they are to live up to their potential.

Hybrids have significant potential to help reduce America's dependence on oil, lessen the impact of near record high gasoline prices, and address the automobile's impact on climate change. However, they are just part of the first step needed to reduce the impacts of our dependence on oil. Alone, hybrids will not deliver the kind of reductions that we need. To solve this problem, we need a three-pronged approach that will:

1. Reduce the amount of fuel consumers burn by increasing fuel economy standards,
2. Reduce the number of miles that our vehicles are being driven, and
3. In the long term, replace the petroleum fuels that we are using with sustainable, low-carbon alternatives.

A good, advanced technology hybrid is capable of doubling fuel economy and can be equipped to use alternative fuels. However, not all hybrids are created equal. Hybrids like the Toyota Prius, Honda Civic Hybrid, Ford Escape Hybrid and the new Toyota Camry hybrid increase fuel economy by 40-80%. On the other hand, muscle hybrids like the Honda Accord and Toyota's Lexus GS 450h forego fuel savings in favor of faster acceleration, missing out on the potential savings of the technology. Hollow hybrids like GM's Silverado pickup claim the hybrid name but do not have the true hybrid's ability to capture and reuse significant quantities of energy.

A further challenge is that if the sale of a hybrid merely offsets the sale of another gas guzzler, then there is no net savings in oil use. Despite leading the industry in hybrid sales, both Toyota's and Honda's overall average fuel economy is projected to be lower in 2006 than in 2005, according to an EPA report released this week.<sup>1</sup> It is therefore inaccurate to attribute any specific fuel savings numbers to hybrid sales to date. The way to ensure that the US car and truck fleet cuts down on its oil use is through increases in fuel economy standards.

I will now discuss some steps that the federal government can take to encourage greater sales of clean, high fuel economy hybrid vehicles, and to ensure that these hybrids deliver the maximum possible benefit in terms of reducing oil use.

Any incentives for hybrid vehicles should be designed to encourage the sale of hybrids that take full advantage of the technology's potential for increasing fuel economy. All jargon and classifications aside, the bottom line is, "How much of a fuel economy increase does this vehicle deliver, and how much pollution comes out of the tailpipe?" The structure of the federal hybrid tax credit is an excellent example of a rational, performance-based incentive that gives larger credits to hybrids that deliver larger fuel economy gains. The fatal flaw in this program is the 60,000 vehicle per manufacturer cap on the number of eligible vehicles, which will soon take away credits for some of the best hybrids on the market, while leaving credits for many poor performers. Congress should make it a priority to lift this cap as quickly as possible.

Members of the committee and others in Congress have identified the importance of producing hybrid vehicles and their components in the United States. Congress should adopt manufacturing incentives that promote the production of hybrid technologies in the US, but only if they are directly linked to increases in fuel economy standards. This pairing avoids corporate welfare and ensures that meaningful increases in fleet fuel economy are achieved. Industry should not receive public dollars unless a public benefit is guaranteed in return.

Manufacturing incentives tied to increased fuel economy are essential because it is high gas prices, and not investments in technology, that threaten domestic auto manufacturing. A study by the University of Michigan and the NRDC found that as a result of the Big Three's poor positioning on fuel economy and technology, a sustained gas price of \$2.86 per gallon would put almost 300,000 Americans out of work. In contrast, a study by the Union of Concerned Scientists found that increasing fuel economy standards to 40 MPG by 2015 would lead to the creation of 160,000 new jobs nationwide, including 40,000 in the automotive sector.

Finally, I would also like to address one policy which has been successful in stimulating hybrid sales, but whose time has now passed. Hybrid HOV programs have allowed drivers of hybrid vehicles to drive in high-occupancy vehicle lanes without any passengers. In areas with congested freeways like California and Northern Virginia, this has proven to be a significant incentive. Unfortunately, such programs have inevitably fallen victim to their own success. As the number of hybrid vehicles grows, HOV lanes become more crowded, eventually to the point where their primary function – to reduce congestion and encourage carpooling – is impaired. It is time for governments to focus on other incentives that will stimulate continued growth of hybrid

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<sup>1</sup> Heavenrich, Robert M. *Light-Duty Automotive Technology and Fuel Economy Trends: 1975 through 2006* EPA420-R-06-011, July 2006.

sales without forcing air quality or other tradeoffs. It is also far past time for the federal government to significantly raise fuel economy standards for all cars and trucks to ensure that all consumers, not just hybrid buyers, can find relief from the high cost of driving.

Thank you again for the opportunity to testify today. I would be happy to answer any questions you may have.